

Fig 1

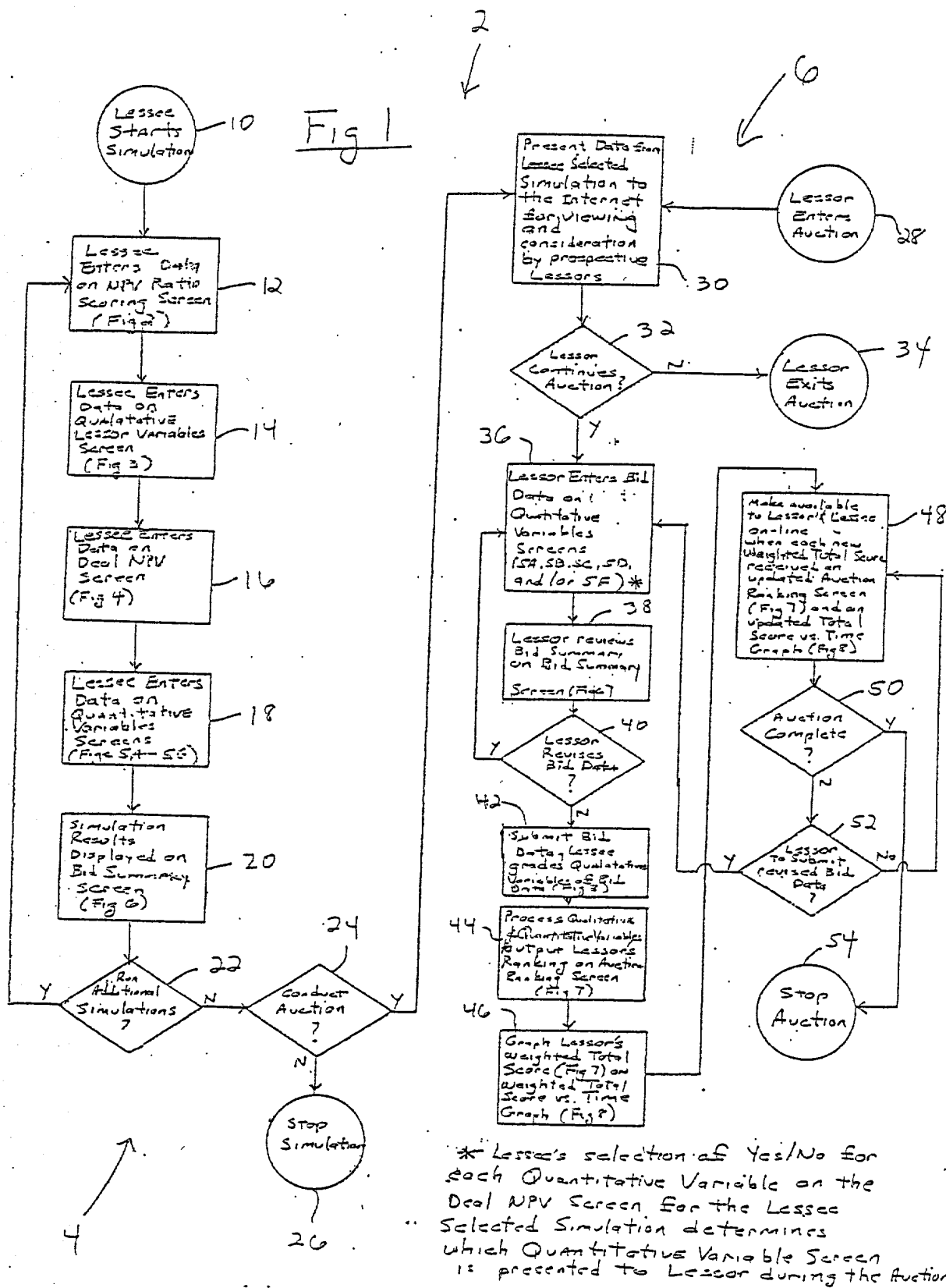


Fig 2  
NPV Ratio Scoring

60

Annual Incremental			
Borrowing Rate.....	12%		62
Term (Months) .....	36		64
Estimated			
Lease Payments .....	\$2786.11		66
Total NPV.....	\$85000*		68
Acquisition Cost.....	\$100,000.00		70
NPV Ratio.....	85%		72

78

80

	FROM	TO	GRADE
1	95%	100%	F
2	90%	95%	D
3	88%	90%	C
4	86%	88%	B
5	85%	86%	B
6	84%	85%	B
7	83%	84%	A
8	80%	83%	A
9			
10			

74

76

NPV Grade \*

82

Grade	Scoring Value
A	4.0
D	3.0
C	2.0
B	1.0
A	0.0

84

Fig 3

Qualitative Lessor Variables

90 →

94 ↓

96

98

100

Qualitative Variables  
Description

Grade	Relative Weight Total=100%	* Weighted Score
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1	Acceptable Loan Documents.....	A	60%	2.4
2	Prior Experience with Lessor.....	B	20%	.6
3	Lessor Reputation.....	B	15%	.45
4	Knowledge of Equipment.....	F	0%	
5	Public Company.....	F	0%	
6	Vendor/Lessor.....	D	5%	.5
7	.....		%	
8	.....		%	
9	.....		%	

106

10 Less~~er~~ Defined Variables:

1.....		%	
2.....		%	
3.....		%	
4.....		%	
5.....		%	

Total..... 100% 3.95

102,

104

10047366-014402

92

Fig 4

Deal NPV

112  
↓

110  
↓

114  
↓

116  
↓

NET PRESENT VALUE OF:	YES	NO
Lease Payments (Fig 5A)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash Performance Deposit (Fig 5B)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
End of Term Options (Fig 5C)		
Projected Future Value	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lessor Guarantee	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(Open-End Lease)		
Lessee Guarantee	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(Closed-End Guarantee)		
Lessor Equity Requirement (Fig 5D)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mid-Term Interest Rate Decrease (Fig 5E)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Misc. Additional Payments (Fig 5F)		
Personal Property Tax	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lessee-Defined Variables (Fig 5G)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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Fig 5A

120  
↓

LEASE PAYMENTS

Lease NPV Computed .....  \* 122  
Lease Term (Months) .....  124  
Equal Monthly Payments .....  125

OR

Unequal Monthly Payments/Months. ....  /  126  
All Payments are Net, in Advance .....  /  126'  
.....  /   
.....  /

Interim Daily Payments .....  128

From Start to Commencement

Lease Start Date .....  130

Lease Commencement Date .....  132

Fig 5B

140  
↓

CASH PERFORMANCE DEPOSIT

Cash Performance Deposit .....  142  
Date of Deposit .....  144  
Estimated Date of Deposit Return .....  146  
NPV of Deposit .....  \* 148

Fig 5C

End of Term Options

150

152 {

Lessee Projected Future Value .....	\$	156
Lessee Participation (Lessor Input) .....	%	158
Amount .....	\$	* 160
NPV .....	\$	* 162
Guarantees:		
154 { Open-End By Lessor (Negative) .....	\$	164
(Collateralized) NPV .....	\$	* 166
155 { Closed-End By Lessee (Positive) .....	\$	168
NPV .....	\$	* 170

Fig 5D

Lessor Equity Requirement

180

Equity Requirement By Lessor

Warrants .....	\$	182
Shares .....	\$	184
Total .....	\$	* 186
Projected Sale/IPO Date (MM/DD/YY) .....	/ /	187
NPV of Total on Projected Lease Date .....	\$	* 188

190  
↓

Fig 5E

Mid-Term Interest Rate Decrease.

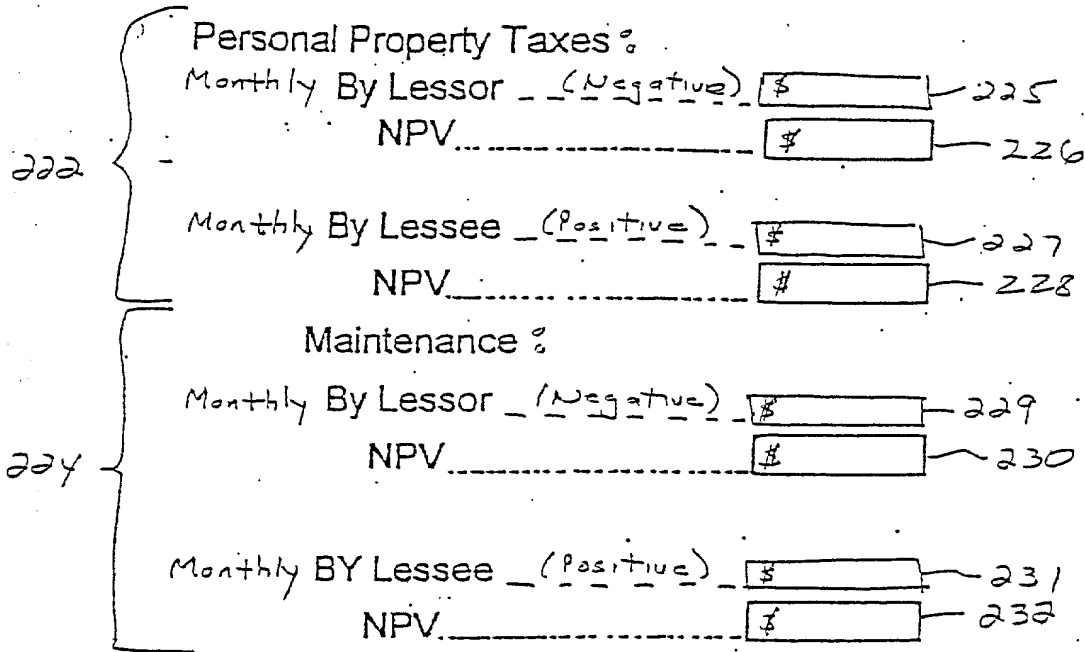
Base Loan Interest (Lessor Input)	<input type="text"/>	%	192
Projected Interest (Lessee Input)	<input type="text"/>	%	194
Mid-Term Point (MM/DD/YY)	<input type="text"/>	/ /	196
Original Balance	<input type="text"/>	\$	198
New Balance	<input type="text"/>	\$	200
Gain	<input type="text"/>	\$	* 202
Lessee Participation Percentage (Lessor Input)	<input type="text"/>	%	204
Amount Lessee Participation	<input type="text"/>	\$	* 206
NPV	<input type="text"/>	\$	* 208

2047356 01400

220  
↓

Fig 5F

Miscellaneous Additional Payments



20470 99524001



240 → Fig 5G

Lessee Defined Variables

Description #1  242a

Monthly Amount --- \$  244a

NPV ..... \* 246a

Description #2  242b

Monthly Amount --- \$  244b

NPV ..... \* 246b

⋮

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Fig 6

250



Bid Summary

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280

Lease Term (Months)	36	252
Net Present Value?		
Lease	\$85,000	254
Options	\$	256
Total NPV	\$	258
NPV-to-Acquisition Ratio	85%	260
Letter Grade	B	262
Grade Score	3.0	263a
Relative Weight		weighted Score

NPV-to-Acquisition Ratio Score:  $\frac{3.0}{263b} \times \frac{75}{264} \% = \frac{2.25}{266} *$

Qualitative Variables Score:  $\frac{3.25}{267} \times \frac{25}{268} \% = \frac{.99}{270} *$

Total Score:  $\frac{100}{272} \% = \frac{3.24}{274} *$

300

Fig 7

302

# Auction Ranking

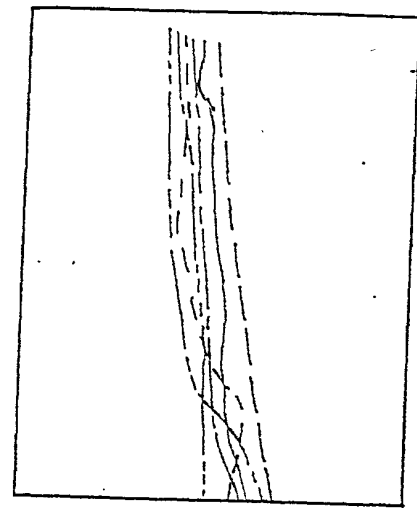
Current Time		Lessor		Lessor Name	Total NPV	Weighted	
(By Total Score)	Rank	*	Number			NPV Ratio	Qualitative
1	*	3	ABD			Score	Variable Score
2	*	5	DEF			Score	Variable Score
3	*	1	GHI			Score	Variable Score
4	*	4	JKL			Score	Variable Score
5	*	6	MNO			Score	Variable Score
6	*	2	PQR			Score	Variable Score

↑ 304    ↑ 306    ↑ 308    ↑ 310    ↑ 312    ↑ 320    ↑ 322    ↑ 324    ↑ 326  
 302

204770" 99E24007

Fig 8

350  
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Weighted  
 Total  
 Score

Time

Lesson Num.	Graph Legend
1	(———)
2	(- - - -)
3	(———)
4	(———)
5	(- - - -)
6	(———)